

News Release



Controller of the State of California - Kathleen Connell

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For Immediate Release

STATE CONTROLLER KATHLEEN CONNELL URGES THE LEGISLATURE TO TAKE IMMEDIATE ACTION IN ADDRESSING BUDGETARY SHORTFALL

Sacramento, CA, December 30, 2002 – State Controller Kathleen Connell warned the Legislature that the Governor's recently revised budget forecast will require immediate action to ensure that California can meet its obligations in the current year.

"If the Governor's recently revised revenue projections are realized, the State will almost certainly need to issue a second consecutive year of Revenue Anticipation Warrants by May 2003 to enable the State to fulfill its financial obligations," stated Controller Connell. "Limited available credit capacity and a serious concern among credit providers regarding the State's ability to repay a RAW issuance will prevent California from selling the new RAW at the lowest costs."

In a letter to legislative leaders, Controller Connell urges the Legislature to take action early on in the emergency budget session that will reassure the financial community that California is serious about addressing its budgetary shortfall and meeting its current and future obligations in a timely fashion.

"Mid year reductions to the 2002-03 budget will be an important step in establishing such credibility," explained Controller Connell. "Additionally, serious discussion of possible tax revenue reforms and expenditure limitations necessary to close the budget gap should be well under way by March 2003."

Connell remains optimistic that the budget gap can be closed if timely action is taken.

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***For a copy of the State Controller's letter,
please contact Lisa Casalegno or Stacey Ragland at (916) 445-2636***